

## Charitable Organization Gift Annuity Disclosure Statement

### Attachment A to Gift Annuity Agreement

The **DISCLOSURE** and other provisions that follow are added to this Agreement as required by Pennsylvania's Charitable Gift Annuity Exemption Act and the Federal Philanthropy Protection Act of 1995 (P. L. 104-62)

- (i) The parties acknowledge that, as of the date hereof, the fair market value of the property transferred to Lancaster County Community Foundation (LCCF) is substantially in excess of the fair market value of the annuity and that the difference between those values constitutes a gift by the donor to LCCF for its charitable purposes.
- (ii) LCCF has advised the donor(s) that a charitable gift annuity is not designed primarily as an investment but rather as a charitable gift.
- (iii) LCCF's promise to pay the annuity is not insurance under the laws of Pennsylvania, is not subject to regulation by the Insurance Department and is not protected by THE PENNSYLVANIA LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION UNDER ARTICLE XVII OF THE ACT OF MAY 17, 1921 (P.L.682, NO. 284), KNOWN AS THE INSURANCE COMPANY LAW OF 1921, or other protective device.
- (iv) The donor(s) may contact the President & CEO of LCCF, 53 West James Street, Lancaster, PA 17603, whose telephone number is (717) 397-1629, to obtain a copy of the following information:
  - (A) LCCF's status under section 170 (c) of the Internal Revenue code of 1986 (Public Law 99-514, 26 U.S.C. 170 (c)) or any successor provisions; and
  - (B) audited financial statements showing that LCCF, as a Pennsylvania qualified charity, has unrestricted and unencumbered assets in the form of cash, cash equivalents or publicly-traded securities of at least \$100,000 plus one-half of the principal value of any annuities issued by LCCF and in effect at the time such statements are requested.
- (v) LCCF was incorporated under the laws of the Commonwealth of Pennsylvania on June 6, 2003 and has been in continued existence since then, satisfying the Commonwealth of Pennsylvania's requirement that a charitable organization must have been in existence for at least three years to issue a Charitable Gift Annuity.
- (vi) In addition to meeting the Pennsylvania qualified charity criteria described in items (iv) and (v), LCCF is also a charitable organization which is required to file and does file a registration statement with the Pennsylvania Department of State under the provisions of the Act of December 19, 1990 (P.L. 1200, No. 202), known as the Solicitation of Funds for Charitable Purposes Act. LCCF is a charity, qualified to issue Charitable Gift Annuities, based on its classification and "public support" and "charitable" organization under the United States Internal Revenue Code Sections 501 (c) (3) and 170 (b) (1) (A) (vi).
- (vii) As per the Charitable Gift Annuity Agreement, guaranteed payments of the amount(s) indicated will be made to named annuitant(s) for life. At March 31, 2010, LCCF's total invested funds are \$30,600,000. LCCF administers gift annuity assets with counsel from LCCF's Investment Committee, which is comprised of board and non-board members and is responsible for implementing and assuring adherence to LCCF's investment policy. LCCF's investments are diversified by both asset type and by manager. LCCF currently uses several local financial institutions as custodians of LCCF's assets under revocable trust agreements. Investment in securities and other assets necessarily involves risk, which can be substantial, and it is expected that the value of the pool's assets will fluctuate over time. If such value were to decrease significantly, and if the value of LCCF's other assets also decreased (or such assets were subject to senior claims), it is possible that LCCF would be unable to make the payments required under your gift annuity. While such a situation is not expected to arise, it is a risk that you should take into account in deciding whether or not to establish a charitable gift annuity.

- (viii) Donor is encouraged to consult with his or her tax adviser to determine how a charitable gift annuity will effect his or her own individual tax situation.
- (ix) A charitable gift annuity is a planned giving vehicle that allows you to receive a fixed income stream for your life and to make a significant contribution to the charitable organization or cause of your choice. In return for your gift, LCCF promises to pay you a fixed sum for life. The annuity payments are a general obligation of LCCF, and they are backed by all of our assets subject to existing security interests.
- (x) The gift annuity rates paid by LCCF are those suggested by the American Council on Gift Annuities, which is a national organization of charities that has been in existence since 1927. These rates have been calculated so as to provide attractive payments to the donor and/or other annuitants and also to result in a significant portion of the contribution remaining for the charity. Because a charitable gift is involved, the rates are lower than those available through commercial annuities offered by insurance companies and other financial institutions.
- (xi) The consequences of a charitable gift are dependent in significant part on the individual donor's particular circumstances. The general discussion of charitable gift annuities set forth above does not address every issue, nor does it take into consideration the type of assets you are contributing in exchange for your charitable gift annuity, the particular terms of your annuity, your individual tax situation or your estate and gift tax planning objectives. Additionally, there are other factors, such as state and local taxes, that may be relevant to your gift. With respect to these considerations, as well as for a description of other ways to structure charitable gifts, you should consult with your tax and estate planning advisors.
- A contribution for a gift annuity is irrevocable. The principal you contribute cannot be returned to you.
  - The right to annuity payments may not be assigned to any person or organization other than LCCF.
  - The gift date is the date when you actually transfer assets. In the case of cash, it is the date you mail or deliver a check. In the case of an electronic transfer of securities, it is the date they are received into the account of LCCF. If you have certificates, it is the date they are properly endorsed and mailed or delivered.
  - The payments made under a charitable gift annuity are backed by the full faith and credit of LCCF and are not issued or guaranteed by an insurance company or backed in any way by the Commonwealth of Pennsylvania.
  - There are no present, pending, or threatened legal proceedings against LCCF.